



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

August 2003

National Cheddar Cheese Commodity Price Continues To Rise . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for butter and Cheddar cheese showed increases compared to last month, with the Cheddar cheese commodity price continuing to rise significantly. Consequently, all types of milk showed gallon price increases: whole milk increased fourteen and four tenths cents per gallon, reduced fat milk increased fourteen and seven tenths cents per gallon, lowfat milk increased fifteen cents per gallon, and skim milk increased twelve and two tenths cents per gallon.

Total milk production, milk production per cow, and milk cow numbers are down compared to last year levels and the heat wave in the West has certainly contributed to the milk production decline. Dairy product sales have been growing stronger and the school year starting next month will bring more beverage milk sales. Cheese and nonfat dry milk inventories are declining which will keep their commodity prices remaining strong.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for September 2003

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.388	\$0.694	\$0.347	\$0.173	\$0.116	\$0.087
Reduced Fat (2%)	\$1.337	\$0.668	\$0.334	\$0.167	\$0.111	\$0.084
Lowfat (1%)	\$1.315	\$0.657	\$0.329	\$0.164	\$0.110	\$0.082
Nonfat (Skim)	\$1.032	\$0.516	\$0.258	\$0.129	\$0.086	\$0.065
Southern California						
Whole Milk	\$1.411	\$0.706	\$0.353	\$0.176	\$0.118	\$0.088
Reduced Fat (2%)	\$1.360	\$0.680	\$0.340	\$0.170	\$0.113	\$0.085
Lowfat (1%)	\$1.339	\$0.669	\$0.335	\$0.167	\$0.112	\$0.084
Nonfat (Skim)	\$1.056	\$0.528	\$0.264	\$0.132	\$0.088	\$0.066
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.144	\$0.072	\$0.036	\$0.018	\$0.012	\$0.009
Reduced Fat (2%)	\$0.147	\$0.073	\$0.037	\$0.018	\$0.012	\$0.009
Lowfat (1%)	\$0.150	\$0.075	\$0.037	\$0.019	\$0.012	\$0.009
Nonfat (Skim)	\$0.122	\$0.061	\$0.030	\$0.015	\$0.010	\$0.008

California Department of Food and Agriculture (CDFA)

William (Bill) J. Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

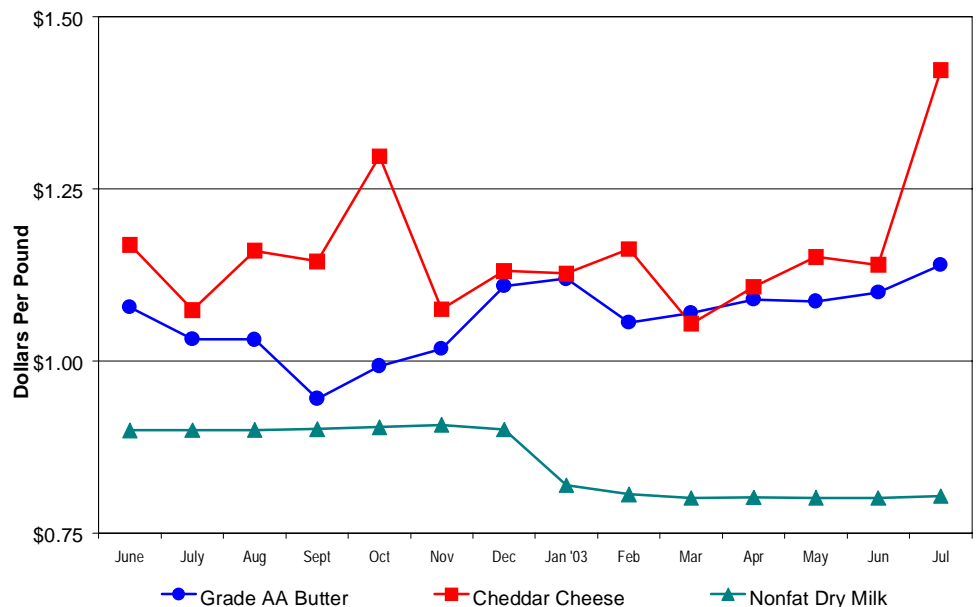
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

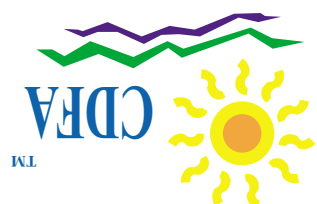
	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Nov	\$0.20	\$1.05	\$0.41
Dec	\$0.20	\$1.09	\$0.43
Jan '03	\$0.20	\$1.09	\$0.43
Feb	\$0.18	\$1.12	\$0.43
Mar	\$0.18	\$1.12	\$0.43
Apr	\$0.18	\$1.07	\$0.41
May	\$0.18	\$1.07	\$0.41
June	\$0.18	\$1.08	\$0.42
July	\$0.18	\$1.08	\$0.42
Aug	\$0.18	\$1.13	\$0.44

National Commodity Prices for June 2002 - July 2003

Grade AA Butter, Block
Cheddar Cheese, and
Nonfat Dry Milk



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